

### Crossing borders: mobility of goods, capital and people in the Central European region

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**Institut für Höhere Studien (IHS), Wien**  
**Institute for Advanced Studies, Vienna**

**Reihe Soziologie / Sociological Series**

**No. 17**

**Crossing Borders: Mobility of Goods, Capital  
and People in the Central European Region**

**Claire Wallace**



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Reihe Soziologie / Sociological Series No. 17

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## Abstract

This paper looks at the circulation of goods, capital and people between the 'buffer zone' consisting of Poland, Czech Republic, Slovakia and Hungary and Western Europe (Germany and Austria) on the one side, Eastern Europe (Ukraine, Russia, Belarus) on the other side. It is argued in the paper that in order to understand these economic relations between the different countries, we have to consider the historical and cultural links which existed already between them. Migrants and businesspeople tend to use existing social networks, often embedded within ethnic, linguistic and familial ties, so that these act as conduits for economic activity between countries. In addition the political control of borders through closing, opening or moving them also tends to create opportunities for cross-border traffic and concourse (and also to prevent them). This argument is situated within the literature on globalization. It argues that what we see can be better seen as a new regionalisation in economic relations rather than globalisation at a world-wide level. The research is based upon 350 interviews collected since 1993 in the countries under consideration in the 'buffer zone', anthropological field work in markets on each side of the border and the collection of general economic and social statistics for the countries in question.

## Zusammenfassung

Dieser Artikel untersucht die Bewegungen von Gütern, Kapital und Personen zwischen der „Puffer-Zone“ Polen, Tschechien, der Slowakei und Ungarn, sowie Westeuropa (Deutschland und Österreich) einerseits und Osteuropa (Ukraine, Rußland, Belarus) andererseits. In dieser Arbeit wird behauptet, daß man, um die wirtschaftlichen Beziehungen zwischen diesen unterschiedlichen Staaten verstehen zu können, die historischen und kulturellen Bindungen berücksichtigen muß. Migranten und Geschäftsleute haben die Tendenz, bestehende soziale Netzwerke zu benützen, die ihrerseits in ethnische, sprachliche oder familiäre Bindungen eingebettet sind. Diese drei Formen von Bindungen haben die Funktion von Kanälen für wirtschaftliche Aktivitäten zwischen einzelnen Ländern. Darüber hinaus verfügt die politische Kontrolle über Grenzen in Form von Absperrungen, Öffnungen oder Verschiebungen über die Tendenz, Möglichkeiten für grenzüberschreitenden Verkehr und Wechselbeziehungen zu eröffnen oder zu verhindern. Die Hauptargumentation dieses Artikels bewegt sich innerhalb der konzeptuellen Literatur über Globalisierung. Der Artikel argumentiert, daß diese Phänomene eher als eine neue Regionalisierung in den Wirtschaftsbeziehungen, denn als Globalisierung in weltweitem Maßstab interpretiert werden können. Die dem Artikel zugrundeliegende Forschung fußt auf 350 Lebenslauf-Interviews, die seit 1993 in den Ländern der „Puffer-Zone“ durchgeführt wurden, darüber hinaus auf anthropologischer Feldarbeit in Märkten auf allen Seiten der Grenzen und auf einer Sammlung von Wirtschafts- und Sozialstatistiken in den Ländern, die zum Bereich der Analyse zählten.

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Globalisation is often discussed in rather general terms as the world-wide transmission of media symbols and consumer life styles (see Sklair 1991) or capital and markets (Wallerstein 1983, Harvey 1989, Jameson 1991). Such flows of communication can result in new social relations as people become 'disembedded' from their normal contexts and are connected in other ways with those from other contexts at a transnational level (Giddens 1990). Sassen (1996) has described the role of 'global cities' as poles of attraction for these international flows of people and capital emphasising in particular the creation of an immigrant underclass often working in the informal economy which is juxtaposed with a 'Post-Industrial' class of professionals. However, these discussions are generally pitched at a very general level rather than looking in detail at particular instances. They tend to consider globalisation in terms of universal principles and the economic imperative is seen either implicitly or explicitly as the inevitable, driving force towards globalisation. In this respect Marxists, post-Marxists and neo-liberal economists converge in agreement:

...that concrete, time-bounded, space bounded integrated locale of productive activities within which the endless accumulation of capital has been the economic objective or 'law' that has governed or prevailed (Wallerstein 1983 p.18)

Our argument in this article is that in the Central European region we should understand investment, trade and migration rather in terms of cultural, historical and social factors. Ethnic and linguistic ties play an important part in this patterning of economic relations. Such factors ensure that economic imperatives are socially embedded (see Wallace et al. 1997). However, such embeddedness is very complex and here we shall try to unravel some of the ways in which this embeddedness is important in economic relations across borders.

These perspectives on globalisation also assume that borders can be crossed relatively freely and often underestimate the impact of closed borders and selective control of the trade and migration. Indeed these perspectives often imply that national borders are increasingly irrelevant (Jameson 1991). We argue, by contrast, that opening and closing borders *creates* various kinds of economic and social interchange. Therefore we need to understand this political control of flows of people and goods at a local level in order to understand economic relations across borders. In this paper we explore what happened to the Central European region (i.e. Germany and Austria to the West, Hungary, Poland the Czech and Slovak Republics in the Middle and Ukraine and Belarus and Russia to the East) when borders were closed, opened, selectively restricted or moved altogether. We consider the implications of the opening of this area towards liberal capitalist market relations along with political democracy and therefore more open access to global

capitalism. We concentrate particularly on the post-1989 period and especially upon the circulation of goods, capital and people within the central European area.<sup>1</sup>

### **Borders in Central Europe: past and present**

In order to put into context what is happening in the present in terms of flows of people and goods around Central Europe, we need to step back in time. The Central European region was historically connected by trading, travelling and ethnic ties, as is described vividly, for example, in the travelogues of Patrick Leigh Fermor. Gellner (1983, 1994) describes the situation before World War One as resembling a pointillism painting with many small pockets of ethnic groups spread across a large territory ruled by remote empires.

The rise of the modern state in the nineteenth century encouraged increasing ethnic homogenisation and this culminated in the sweeping ethnic purges carried out under the cloak of 'nacht und nebel' during and after the Second World War (Gellner 1983, 1994). The Jews, who for centuries had constituted a transnational community linking the whole region and giving it its distinctive cultural character, were wiped out or forced to flee. The Gypsies, a similarly transnational community, were likewise destroyed in huge numbers and those who survived the Holocaust were later forced into settlements by the Communist authorities. Millions of Germans were expelled from the former German territories in Eastern Europe and approximately eight million crowded into the new Western Germany whilst 3.6 millions went to the territory of Eastern Germany (Münz 1995). A smaller number (530 000) went to Austria. More than ten million Easterners who had been in Germany either as displaced persons, in concentration camps or as forced workers returned to the East, some against their will. The German minorities were expelled from Poland and the erstwhile Czechoslovakia. Within Poland, 1.5 million Poles were resettled from the East to the Western territories, often literally into the still-furnished homes vacated by the Germans (Mach 1989) and 600 000 Ukrainians, Lithuanians and Belarusians were removed from Poland and Czechoslovakia and resettled elsewhere in the Soviet Union (data from Münz 1995). Germans and Poles were deported in large numbers to Siberia or Central Asia, where they formed new Polish and German settlements. Borders were redrawn or moved several times: the borders of Germany moved westwards, as did the borders of Poland. Hungary was shrunken several times in the last century, leaving many Hungarians outside of the

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<sup>1</sup>The research was based upon studies of trade and investment patterns between Germany, Austria, Poland, Hungary and the Czech Republic (see Wallace 1997a) and migration which involved collecting life-story interviews with migrants in the Czech Republic, Poland, Hungary and Slovakia (see Wallace and Palyanitsya 1995, Wallace, Sidorenko and Chmouliar 1996, Wallace 1997b). Some 350 interview were collected altogether, and were supplemented with the collection of official statistics and field work carried out in the Czech Republic, Slovakia, Poland, Hungary and Ukraine.

borders of Hungary and small changes were made to the borders of Czechoslovakia. Ukraine, as it exists at present, was the creation of the former Communist authorities and includes a large Russian population, as does Belarus. Leafing through a pre-Second World War atlas we will find the same countries in different places, some countries have appeared and some countries disappeared. This is all within living memory. If we go further back we can find even more changes.

The ethnic purges associated with the Second World War and later with the imposition of Communism, along with the falling of the Iron Curtain as an impermeable barrier through the heart of the region, ensured that for the last 45 years there was little communication between the neighbouring countries. The border regions between East and West became a de-populated militarized zone and villages there were destroyed or allowed to decay. Ethnic purity was enforced through the forced national assimilation of minority groups (Gellner 1994). Thus in Poland the remaining minorities were polonized, but the same happened in other countries. Those from other ethnic minorities who stayed had to conform by concealing their ethnic roots. This ethnic ordering looked neat and clean to the authoritarian regimes who saw it as a solution to the nationalistic tensions which had helped to produce the Second World War and were concerned to have a 'garden' state in which weeds, in the form of people or ideas which did not belong, were expelled (Bauman 1992). The weeds were people out of place - on the wrong side of the border - and under these circumstances, they could be easily defined.

In Germany and Austria the dominant model was also one of assimilation for ethnic majority migrants (for example Germans from the Czech Republic, from Romania or from Poland) and a separate 'guest worker' status for the rest. In other words, nationality is based upon ethnic principles, although this principle has become increasingly diluted in recent years (Rogers Brubaker 1992). A large number of guest workers were recruited from Italy, Spain, Portugal, the former Yugoslavia and Turkey after 1950 to fill the lower rungs of the labour market and they now constitute about 8.5 per cent of the population in Germany and more than nine per cent in Austria. These were not regarded as potential citizens, but rather as temporary migrants. A similar division between ethnically and linguistically defined 'nationals' as against 'foreigners' or 'guest workers' has emerged in the post-Communist central European countries of Poland, Hungary, Czech and Slovak Republics since 1989.

Nevertheless, there was some movement over the border between East and West. The movement of people took mainly the form of political refugees who had been forced to leave their homeland behind them and large numbers arrived in Germany and Austria as their first destination following the uprisings of 1956 in Hungary and

1968 in Czechoslovakia and Poland. These were followed in the 1980s by Poles escaping from economic crisis and martial law in Poland. In addition there was a steady haemorrhage of some about 3.8 million East Germans escaping to the West. More than one million Aussiedler or ethnic Germans — entitled to claim German citizenship, arrived before 1988 and they were joined by about 1.5 million more after 1988 (Münz 1995). The movement was therefore always in one direction from East to West and usually resulted in permanent settlement. It was assumed that people were 'escaping' from Communist oppression to Western freedom. Only in exceptional cases did people move permanently in the opposite direction as was the case, for example, with the spy Kim Philby.

The coming of the age of mass media helped to unseal the borders in some respects. Despite efforts to 'jam' foreign broadcasts, radio and TV could be received in the former Eastern block countries and were widely listened to. Some of the peoples of East Germany, Poland, Hungary and Czechoslovakia had been able to watch television broadcasts from Germany and Austria from which they gained an impression of affluent life-styles across the border. Some bought satellite dishes in order to assist this - there are even now far more satellite dishes on the Eastern side of the border than there are on the Western. Therefore, there was some communication even across a closed border. Families and friendship networks also provided communications nets. Many families had been divided by the ethnic purges and political divisions which were described above, but managed somehow, to stay in touch. Lake Balaton in Hungary and some places in the former Yugoslavia became holiday resorts which flourished as places where families divided by borders could reunite from time to time.

In the 1980s this border became somewhat more flexible. Poles began to move backwards and forwards between Germany and Poland to trade, especially between the two halves of Berlin. From 1988 Hungary opened her borders to the West, with dramatic results which triggered the end of Communism. This was a radical and daring political action. Following the gentle revolutions of 1989, the Iron Curtain with its watch towers and barbed wire, was dismantled and the borders to the West were opened up (Langer 1996). People on each side of the border were able to cross - from the former Communist Central European countries into Western Europe and Westerners were allowed to travel Eastwards with relatively few restrictions compared with previous years.

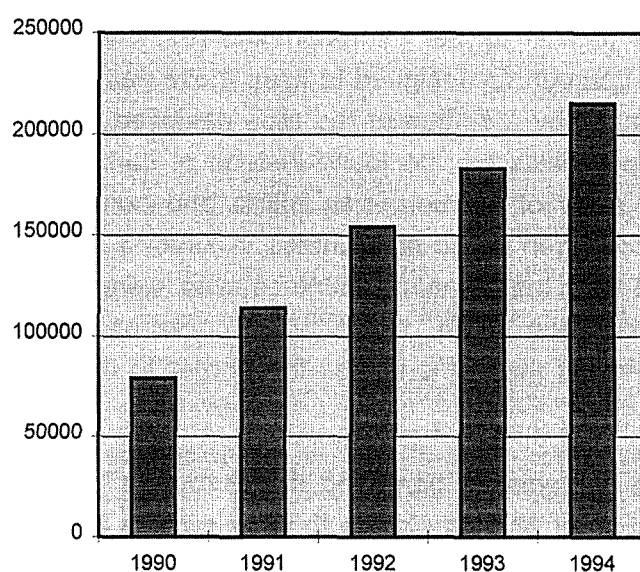
But did the borders disappear? For some they did and for some they didn't. Whereas visa restrictions were removed for the citizens of Poland, Hungary and Czechoslovakia, they remained or were even reinforced for the citizens of other former Communist countries. There were fears in Western Europe of an invasion of millions of impoverished East Europeans (40 million was one estimate) threatening

to undercut wages and drain resources from the financially threatened welfare states of the European Union. Citizens of the former Soviet Union were not welcomed visitors in the West - unless they were 'new Russians' with suitcases full of dollars. Whereas previously there had been a welcoming attitude to the 'victims of Communism' they were now seen with suspicion. Austria and Germany introduced quotas to limit further migration and restricted their previously liberal asylum laws. The iron curtain designed to keep these people in their own countries started to be replaced by a curtain of red tape designed to keep them out of the West. Although open fields can be found instead of barbed wire, these fields are patrolled on both sides of the border by militia and border guards. The entry of Austria into the Schengen group of countries in 1996, a club already occupied by Germany, France and the Benelux countries who were committed to removing border controls between them, made such concerns particularly urgent and tightened the control of the traffic across the border to the East of the Schengen group.

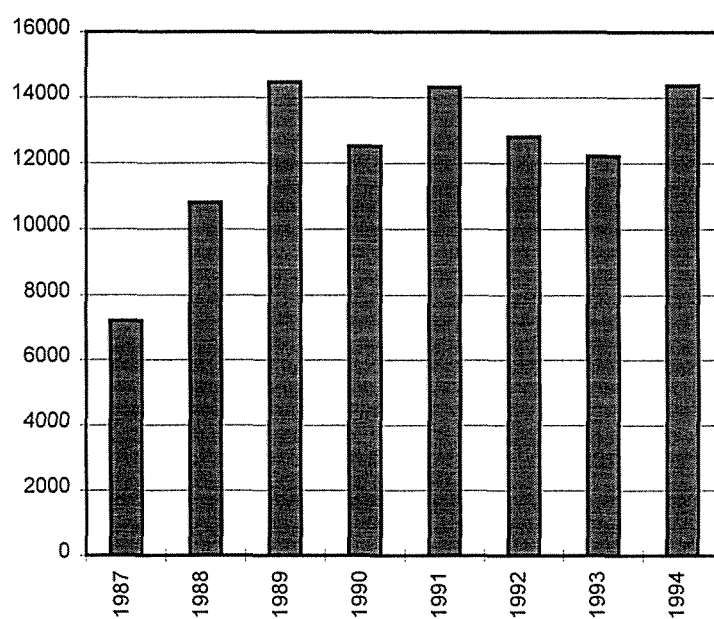
Whilst the people immediately bordering the European Union were able to pass freely across the border and stay for up to three months in the European Union as 'tourists', those from further East had visa and other entry restrictions reinforced. Some were required to show that they had money enough to live on or to leave a deposit of up to \$700 on the border to ensure that they would return (this was one of the requirements for Albanian visitors to the Czech Republic in 1993). There were fears that the former Communist Central European countries would become a region for transit migrants from elsewhere. However, whilst there was a large rise in illegal border crossings to the West - from almost nil to several tens of thousands - the general pattern was for these numbers to rise and then fall as the border was stabilized and readmission treaties signed between each country and with Germany and Austria. Those from further East found it very difficult to cross into Western Europe, but they could cross into Poland, Hungary and the Czech Republic relatively freely and they increasingly did so in larger and larger numbers. This new - relative - freedom of movement resulted in a greatly increased circulation of people. Tables 1 - 3 show the increase in the numbers of border crossings into Poland, Hungary and the Czech Republic after the opening of the borders. Whilst most border crossings were on the Western side into Germany and Austria, the more recent increase has been in border crossings on the Eastern side.

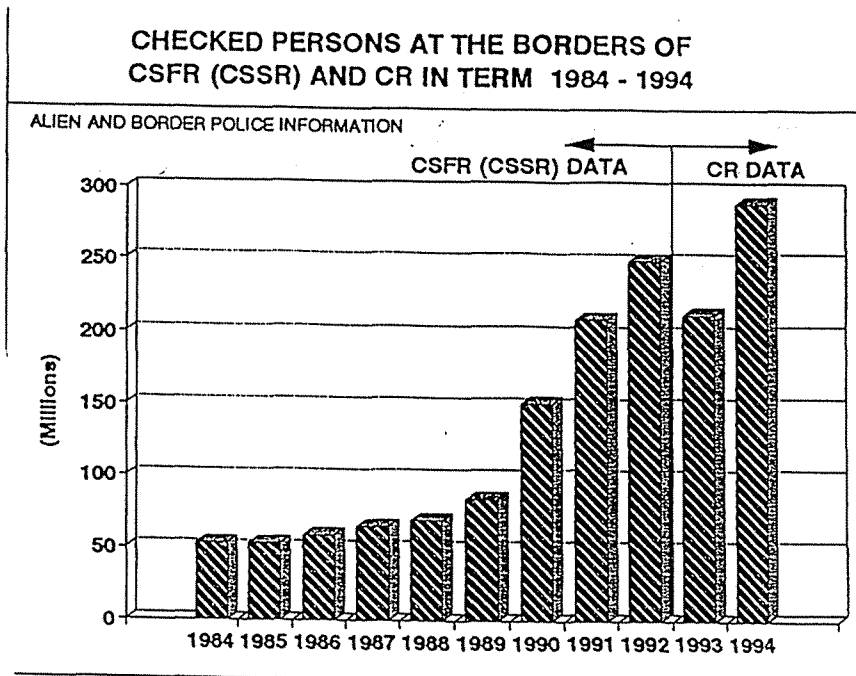
**Table 1-3 Increase in Border Crossings in Poland, Hungary and Czech Republic since the end of Communism**

**Border crossings Poland**



**Border crossings Hungary**





Sources: IOM 1994a, 1994b, Fullerton et al. 1995

Meanwhile the opening of borders and loosening of authoritarian control also allowed old and new national or ethnic differences to surface. Two new countries were created by the split between the Czech Republic and Slovakia so that a border had to be constructed where none had previously existed (although Slovakia was briefly an independent state under German control during the Second World War). New nationalities had to be defined, leaving several tens of thousands of Gypsies in the Czech Republic stateless because the Czechs claimed that they were 'really' Slovak. The break-up of Yugoslavia likewise created a whole number of new borders, some of which were selectively sealed during the embargo on the Federal Republic of Yugoslavia, but others of which were opened - for example between Slovenia and Hungary and between Slovenia and Austria. Some people were able to choose new nationalities, others had it thrust upon them.<sup>2</sup> Thus, in surveys carried out in East-Central Europe it is always necessary to ask two questions about a person's status: 'Nationality' defines which ethnic group they identify with, whilst 'Citizenship' defines in which country they are officially registered as belonging.

<sup>2</sup> Slavenka Drakulic for example, explained in a lecture how she had previously thought of herself as 'Yugoslavian' but was now increasingly forced to be identified as Croatian. People from the former Soviet Union for whom citizenship had been previously relatively unimportant are now concerned as to how they are identified and to which of the new states they should belong. This has become a hot political issue as Russian citizens are discriminated against in many of the new countries which emerged from the former Soviet Union.



## The buffer zone

These trends helped to create a new region of Europe which we have elsewhere termed the 'buffer zone' (see Wallace, Chmouliar and Sidorenko 1996). The buffer zone includes the countries which border the European Union: Poland, Hungary, the Czech and Slovak Republics. They are now sandwiched between an affluent West (Germany and Austria) and an increasingly less affluent East (Ukraine, Russia, Belarus). Whereas to the south Yugoslavia used to be a buffer zone between the Communist and non-Communist countries, the war there helped to seal borders and limit communications. This role may be changing once more with the official cessation of the war.

The creation of the buffer zone is partly the consequence of European Union policies. The EU countries, keen to ensure social and political stability in the 'new world order' as well as develop new markets for their products, have created a range of association agreements with the privileged rim countries: Poland, the Czech and Slovak Republics and Hungary. These countries have enjoyed development aid programmes such as PHARE, TEMPUS and other EU schemes in the early round of reforms (although such programmes were later extended elsewhere). These countries were themselves very keen to join the European Union and have patterned their institutional reforms to harmonize with EU standards and norms. They fully expect to join the European Union in the near future and are westward looking in their orientation. These buffer zone countries have attracted more investment per capita than countries further East and this has been both a cause and a consequence of their political and economic stability and their successful transition towards becoming liberal, market democracies. New forms of prosperity are visible in the increasing numbers of Western cars on the roads (although very often bought second hand), extensive private and business use of computers, fashionable clothes, mobile telephones and a private housebuilding boom. Although incomes are still low, consumption is high (Wallace 1997a). The buffer zone countries are becoming the most prosperous of the post-Communist world (Haerpfer and Zeilhofer 1995). They are examples of the 'successful' transition from Communism.

One aspect of the integration of the buffer zone countries into Western Europe is a range of agreements to regulate migration (Niessen 1992, Kussbach 1992). Whereas they were previously only emigration countries, the buffer zone countries are increasingly targets of immigration and have had to formulate policies accordingly. These policies have tended to be modeled upon visa, work permit and asylum policies adopted in Western Europe and have become more restrictive with every month that passes. The countries in Western Europe such as Germany and Austria most threatened by the new migrations from the East have developed their own co-ordinated policies and bi-lateral agreements for the return of illegal 'third country

nationals' between states – that is, they prefer to turn back illegal migrants to the last country they crossed legally: in most cases the buffer zone.

In describing a 'buffer zone' consisting of four countries, we are claiming that they have a number of features in common with one another. However, there are also internal differences between each of these countries. Whereas Poland and the Czech Republic have been marching ahead on the road to economic reform, Slovakia has lagged behind somewhat and Hungary, after an early head start, has fallen back. In terms of migration policies, each country evolved their own rather than making collective arrangements, but during the period 1991 to 1995 they have all introduced similar policies, albeit with different timings. Many policy developments in the Czech and Slovak Republics were delayed because of the splitting of the former Czechoslovakia into two parts in 1993. There is also some mobility within the buffer zone itself. During the late 1980s, Hungary attracted many migrants from Poland, the former East Germany and the former Czechoslovakia because of the liberalism of its regime and its more advanced market reforms (Fullerton, Sik and Toth 1995). 'Shopping tourist' expeditions would take place between the Czech and Slovak Republics and Hungary. The more recent absence of unemployment in the Czech Republic has drawn migrants from Poland (in fact this continues a pattern established before the regime change) and from Slovakia. However, these differences are small when compared to the overall similarity in the course of development after Communism and in terms of their increasing differentiation from the countries further East (Haerpfer and Zeilhofer 1995). Furthermore, even before the advent of Communism these were countries which had enjoyed some measure of market development and even short periods of democracy. Although they may resist being lumped together as the "Visegrad countries" they nevertheless face common pressures because of their shared geographical location and history.

With the fall of communism, activities which had previously been illegal – such as trading, currency speculation, starting business ventures and making profits – were no longer so. Indeed these very same activities which had previously been frowned upon, were now encouraged. Street stalls satisfied the demand for groceries and consumer goods which the general stores were unable to fulfill. Many people moved around or found jobs, uninhibited by any regulations, since these had not yet been developed to deal with them. The second economy which had always existed as a necessary adjunct to the socialist economy became now part of the formal capitalist economy as businesses were legalized and underground activities emerge into the open. Yesterday's crook became today's capitalist (Sik 1993). However, many activities remained underground as laws have not yet been enacted to regulate them or where they have been enacted, are not always fully implemented. At first a whole range of activities were therefore neither legal nor illegal although now we are seeing a gradual formalisation, regulation and institutionalization of such activities.

### **Differences between the buffer zone countries and the Eastern and Southern neighbours**

Since the reforms of 1989, the buffer zone countries first experienced steep economic decline and in the case of Hungary and Poland, rapid inflation. Nevertheless, the years since 1994 have shown a stabilization of the economy and a series of elections which have confirmed the positions of elected governments. There has been growth in GDP and these are countries on the road to becoming stable market democracies. However, the situation of Ukraine, the main Eastern neighbour, is quite reversed. Since 1989 it has suffered a 57 per cent decline in GDP and hyper inflation of 380 per cent in 1995 (WIIW 1996a and 1996b). The government solution was not to pay wages for some months, although wages had already sunk below the level at which people could live on them. In neither Belarus nor Ukraine have reforms been at all adequate to the rapid changes taking place. Economically and politically they are lagging well behind the buffer zone countries. Belarus seems to be headed more and more towards an authoritarian regime oriented towards Moscow and although Ukraine is oriented more westwards, its problems are legion.

The path of transition in Ukraine and Russia is hampered by legal laxity, a product of frequent and confusing administrative changes, lack of enforcement and lobbying by powerful and sometimes illegal groups in their own interests (WIIW 1996b). The result is that these countries have sunk increasingly into chaos and their citizens manage as well as they can. In addition the development of new businesses and the reform of existing industries through privatization or through internal reorganization is almost non-existent. The lack of clear government policies and tax rates of up to 100 per cent means that people operate businesses wholly or partially illegally rather than as part of an institutionalized process.

In the Ukraine and Belarus only 16 per cent are able to manage on their earned incomes, according to one regular survey, compared with 43 per cent in Poland and 46 per cent in Slovakia. (Rose and Haerpfer 1996). Ukrainians are also much more likely to have to resort to growing their own produce, working in the shadow economy and earning money through connections than are the people in the buffer zone (Rose 1995). Although many of these survival strategies, as legacies from the former regime, are dying out in the buffer zone countries, in Ukraine and Belarus they became as important if not more important than before. The situation has actually got worse rather than better since independence for most people: 61 per cent of Ukrainians and 55 per cent of Belarusians still have to queue for more than one hour

per day compared with only 4 per cent of Poles and 11 per cent of Hungarians (Information from the New Democracies Barometer for 1995 and 1996)<sup>3</sup>.

Thus, we could argue that there is an increasing divergence in the living conditions of people in Ukraine and Belarus as compared with the buffer zone and this is described as a trend over time by Rose and Haerpfer (1996). To put it starkly: in the buffer zone things are getting better, in Ukraine, Russia and Belarus they are getting worse.

There are also contrasts between the buffer zone and countries to the south. The war in the former-Yugoslavia along with the trade and cultural embargo against Serbia resulted in dire economic problems there, although living conditions were previously quite good. Romania began some way behind the buffer zone countries in terms of prosperity and democratic reforms, but has been catching up. However, Bulgaria has sunk into economic crisis and is headed at the moment in the direction of Ukraine rather than the buffer zone.

There are therefore important disparities in the living conditions of people in these different neighbouring countries. For some, prospects are improving, for others they are sinking fast. The European Union has replaced the Soviet Union as the pole of attraction for the buffer zone countries whereas those to the East and South are mired in economic and political chaos.

### **Movement across borders in the buffer zone**

There has been a considerable debate about globalisation, which has taken place at a rather general level of abstraction. Here we shall concentrate upon specific aspects of privatization: the circulation of goods, capital and people in the Central European Region. In the words of Appadurai (1990) this represents the 'ethnoscape' and the 'technoscape' aspects of globalisation.

#### *1. The circulation of goods*

During the cold war period, the Communist block countries were members of a trading arrangement between themselves known as COMECON. Goods produced in one country were exported to other countries in return for goods or raw materials and a deliberate system of interdependence was constructed between these countries. Exports and imports to the West were very limited and had even declined since the 1970s (Wallace 1997a). On the other side of the former border, the

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<sup>3</sup>The New Democracies Barometer (NDB) is carried out in 10 different East-Central European countries by the Paul Lazarsfeld Gesellschaft, Vienna, annually since 1991. It asks questions about the economic situation and political attitudes of respondents. Publications related to this survey are available through the Centre for the Study of Public Policy, University of Strathclyde, UK.

creation of a free trade zone within the European Union helped to create a trading block within which much exchange takes place. Austria, for example, trades more than 90 per cent of her goods within the European Union. For the Cold War period these two trading blocs were standing back to back, as it were.

The collapse of communism brought the disintegration of the former COMECON trading relations. Countries within the former Soviet block started to demand payment in hard currency which the receiving countries were unable to pay and the result was that many goods ceased to be imported and exported. This accentuated the economic slump in the buffer zone countries as they were producing goods which they were now unable to sell. However, in a very rapid space of time the buffer zone countries reoriented their trade towards Western Europe. Thus whilst in 1990 Hungary was taking only 31 per cent of its imports from the EU, by 1995 this was 61.5 per cent. On the other hand, exports to EU countries rose from 32.2 per cent to 62.7 per cent in the same period (Wallace 1997a). For each Central European country, it is the countries on the immediate Western borders which play the most important role as we can see in the fact that for the Czech Republic 55 per cent of its trade is with its neighbouring countries (Wallace 1997a). The Central European countries mainly export energy, raw materials and semi-finished products whereas from the EU they import high technology goods, foodstuffs and consumer goods. Export to the European Union would be even higher if it were not for the protectionist measures erected by the EU afraid of their goods being undercut by cheap Eastern European imports. Despite this rapid reorientation of trade, there is little trade within the buffer zone countries even though a free trade zone known as CEFTA (Central European Free Trade Area) was set up in 1993. The direction of trade is generally from East to West and from West to East. Thus, it is possible to buy Czech wine in British supermarkets but not in Polish ones.

We have already indicated how previously these two blocks stood back to back. Now the central parts of these two blocks have turned round to face each other and are increasingly communicating between themselves. The pole of attraction is increasingly towards the EU rather than towards the East and this makes the buffer zone countries even more keen to join the European Union.

One way in which goods circulate is through shopping. In the period after 1988 when the borders were first opened, consumer-starved buffer zone citizens flocked over the border to undertake a shopping frenzy in Austria and Austrian shops boomed at this time. Mariahilferstrasse, the main shopping centre in Vienna was nicknamed 'Magyarhilferstrasse' in honour of the many Hungarians who shopped there. Economic indicators show that Hungarians were spending far more in Austria than Austrians were in Hungary (Wallace 1997a). After 1990 this was reversed as there was a flow of Austrians to Hungary to buy cheap goods and even food. Now

this shopping has balanced out more but still with Austrians spending more money in Hungary than vice versa. A similar pattern happened between Poland and Germany. New, large supermarkets and shopping centres have opened up along the borders offering goods to cater for this trade and there are also many small stalls selling baskets, gurnies and garden gnomes. In the buffer zone countries, the spirit of free enterprise has brought in flexible opening hours with shops and shopping centres often open on Sundays, Saturday afternoons and evenings. In Germany and Austria strict control of opening hours means that the shoppers have to go to the buffer zone to shop after midday on Saturday. Now they have started to introduce more flexible opening hours, but this does still not include Sundays. Other services are advertised in German along the border, including hairdressing, dentists, riding stables and pedicure (Langer 1996). Large numbers of prostitutes patrol the pavements along the borders and night clubs, offering the same services under a roof, are sprinkled along the roads. On each side of the border traffic signs and services are offered in both languages, reflecting the frequent movement of people from each nationality and many new border crossing points have been opened. On the Eastern perimeter of the buffer zone and in the major cities, signs have once more appeared in Russian (this language having disappeared from the public notices after the break with Moscow), especially advertisements for money changing facilities. From being economically deprived, depopulated and desolate places, the border areas (especially those to the West) have become thriving economic regions which attract internal migration.

This resulted in an escalation in a phenomenon which had already existed to some extent previously, known as 'shopping tourism'. Shopping tourism was sometimes organized, with bus trips planned and advertised to bring visitors to shopping centres in other countries. But it also took place at an individual level with people travelling to fill their cars with goods from across the border or going with large bags and trolleys on trains and busses. Shopping tourism merges into trading when shoppers would buy goods for other people as well as themselves or buy goods to re-sell at home. This is how many Western cars crossed the border eastwards, as well as TV sets, washing machines, clothes and other domestic items. Many of these items were bought second hand in the West - especially in Germany and Austria. Second hand car dealers did a booming trade whilst another important trade was in second hand clothes - often donated to charity - and then resold in shops in the East or in the buffer zone.<sup>4</sup> Second hand domestic items were snapped up from newspaper advertisements and even wrecked or damaged cars and equipment found a market in spare parts. The rise in crime following the

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<sup>4</sup>One of the wealthiest post-Communist entrepreneurs I encountered in the buffer zone was a Czech woman who had fled to Germany during the 1970s and then returned to open a business in second hand clothes which had been donated to charities such as the Red Cross or Humanitarian Organisations in Western Europe.

opening of the Eastern borders of Europe meant that some goods were circulated even without the consent of their erstwhile owners. Or otherwise people would trade in one direction and buy goods for their own consumption in the other in the course of their travels across the border.

The main beneficiaries of the shopping tourism to Austria and Germany were the large stores and small shops. However, such stores and shops on the post-Communist side of the borders were in short supply and those that existed were not customer-friendly, so to begin with many goods were sold on open air stalls by the side of the road and in markets. It was only after the small privatisation programmes of the early 1990s released a lot of small retail outlets, cafes and land for private development that the shops started to become more commercial in their orientation and cater to consumer demand (Earle et al. 1994). In the first place, therefore, small scale trading developed with individual traders offering a small range of wares. The opening of the borders in 1989 resulted in a flurry of small scale street trading. Sidewalks were cluttered with people trying to sell almost anything; trains and bus stations were crowded with people carrying enormous bags. (Later shuttle traders were identifiable by the characteristically red blue and white striped bags, imported from China). In the first explosion of capitalism, everywhere was turned literally into an open air market. Small scale trading was a major form of import and export as consumer-famished customers in the buffer zone hungrily consumed these products. Just walking round the street market became a past-time. In the first explosion of 'wild capitalism' all manner of products appeared on the streets even whilst the shelves in the shops were still empty. Shortages still existed, but at the same time anything could be bought on the street markets from cleaning fluid to Kalashnikows, from perfumes to parrots.

The first traders, renowned throughout Eastern Europe, were Poles. These began their cross border activities in the early 1980s when the arbitrary structure of domestic prices in Poland along with the economic crisis created a demand for food and consumer goods which could not be met domestically. However, from 1988 the movement of peoples across borders escalated and started to become a common phenomena for all sections of the population. As the old COMECON trading agreements started to disintegrate, the formal import-export arrangements broke down and informal ones grew to fill the gap, at least for consumer domestic products.

There was an influx of traders from Ukraine, Russia and Belarus selling goods in Poland (Chmouliar 1996). So-called 'Russian markets' appeared like mushrooms after the rain in every street and even in quite remote villages. They sold products which could be obtained cheaply in those countries (often through theft from factories) such as tools, toys, glassware, underwear, pins, clocks, watches. Traders

stayed for just a few days, arriving on busses, trains or in organized groups before returning to their normal jobs. In the words of one respondent:

After 1989 people opened to the world. They started literally flowing into Europe like a spring river. Everybody cherished some hope that now a miracle would happen and they would become rich... just like that, overnight. People then were travelling without any immediate destination...(they thought that) just by going somewhere they would make piles of money (Bulgarian doctor describing his travels between Bulgaria and the former DDR).

Trading of this kind was neither legal nor illegal. It was seen as a sign of the growing opportunities of capitalism by both consumers and vendors. The artificially low price of items such as electrical goods, cameras, vodka and food in the former Soviet Union meant that these could be sold at a profit in central Europe and traders brought back goods which were unavailable at home (for example ladies tights, condoms, cosmetics). Customs officers could be easily persuaded to turn a blind eye in return for a share of the goods or some dollars. Huge queues of cars waited sometimes for four days at the eastern borders of Poland because there were very few border crossing points.

Soon, trade networks expanded and goods began to be imported from Turkey, China, India and the United Arab Emirates, but mainly still by individuals with suitcases. Better organized and financed trading ventures emerged with networks of agents and the importation of wholesale goods. This activity was supported by a range of semi-official tourist organisations which began to flourish in the former USSR. There one could obtain information about opportunities for travel from travel agencies which helped to obtain passports, visas and transportation. Newspapers and TV adverts, even specialist magazines, advertized different things one could buy in different countries (for example cars driven from Brussels and Germany). At first the black markets offered consumer goods at higher prices than in the shops but increasingly they started to offer a wider range of goods at lower prices than could be found in the formal retail sector. In these kinds of activities, shopping, petty trading and tourism all overlapped.

From 1992 onwards the situation changed quite radically. From this time, the introduction of taxation systems in the Central European countries of Poland, Hungary, Slovakia and Czech Republic, along with their attempts to join the European Union (and associated partner status) resulted in a crackdown on small scale trading in the buffer zone. As retail outlets were privatized and shopping was able to move indoors, so the local business people began to see street traders as a threat to their commerce and put pressure on the government or local authorities to suppress it. The streets were cleared of the clutter of small traders displaying their



wares. The Eastern borders were increasingly controlled and smuggling limited (although bribery could still find a way around this). There was an attempt to concentrate traders into specific parts of town - usually the sports stadium - which were patrolled by Economic Police. In these market places it was necessary to pay the market manager for a place by the day or by the week or month. Licences were introduced for trading and traders should pay taxes.

Finally migration into the buffer zone was controlled following fears about an influx of Eastern Europeans trying to storm the walls of fortress Europe. This made it more and more difficult for people from beyond the buffer zone to get in or to stay and foreigners were likely to be stopped and asked to show their documents on the streets or in the markets. Those without the right documents could be fined and deported or have their passport stamped so that they could not return.

After 1992, hyper inflation in Russia and Ukraine and changes in the exchange rate, meant that prices for many goods were now much higher than in the buffer zone countries. Instead of coming to sell, the Ukrainians, Russians and Belarusians were increasingly coming to buy. The stock piles of goods had run out and the factories had ceased to produce. Many workers were laid off or their factories closed down leaving them without work. Real wages fell. During 1996 at the time the research was carried out, many were simply not paid for months on end. Everybody was forced to resort to other forms of income-generation, such as trading. This increased the competition and made it less profitable. However, lack of production in countries such as Ukraine meant that everything had to now be imported and most of this importation was carried out once again by small-scale traders and shopping tourists. People risked fines and deportation to make a few dollars from smuggling cigarettes or vodka from Ukraine to Slovakia and then buy food and second hand clothes to take home, because otherwise they had no income or insufficient on which to live. Now it was not so much profit as survival which was the important incentive. However, at the same time consumption flourished and consumer discrimination was nourished (previously people had bought whatever was available in case it could not be found again). The trader quoted below explains this situation to us and also points out that it was the poor quality goods which were more likely to be sold in shops - the opposite trend to that in Western European markets:

First it is becoming more complicated to find goods which you can buy cheaply and sell for more. These goods which we sell here are produced in Turkey and are not of good quality. They are not competitive to good quality goods, and people like to buy goods of good quality. Ukrainian goods can also be of high demand...but they are not of good quality either. *People prefer to buy such goods in shops.* Ukrainian goods which were worth something have

become scarce. It may be that the price is high due to reselling, or that we do not produce them at all. You know as well as I do that most of our factories closed down. We do not produce anything. Before traders from Lviv supplied coffee makers and electrical equipment for the kitchen; from Uzhgorod they brought car accumulators, from Ternopol lamps and from Chernivci textiles. Now we do not produce anything. (Ukrainian trader in Poland)

Whilst in Hungary, the Czech Republic and Slovakia the clamp down on foreigners and upon illegal trading had helped to clear the streets of traders, or at any rate, drive them underground, in Poland the markets continued to flourish on a grand scale creating an estimated 5 bn US dollars turnover, making it one of the biggest industries (in terms of turnover) in Poland. According to official statistics in Poland, foreigners bought 4.8 per cent of all retail goods in Poland, most of the purchasing being done by citizens of neighbouring states. The biggest trade was on the Western borders in 1995, but the Eastern and Southern borders showed the largest rate of growth since 1994 with a 66 per cent and 45 per cent growth in the value of goods being taken out respectively.<sup>5</sup> Thus, this border trade can be seen to be big business for Poland and is reckoned as an important element of Polish exports to neighbouring countries. It is also an important element in developing the prosperity of the border regions. Poland was producing once more for export to Eastern Europe, not on a nationally planned basis, after the fashion of COMECON, but in the form of a myriad small, private ventures. The goods (especially clothes, cosmetics, toiletries) produced in Poland were thought to be better quality than the Chinese or Turkish and they were in great demand East of the buffer zone. Although at an individual level this kind of shuttle trading was very small scale ('we are like ants' in the words of one respondent 'we go everywhere with our goods on our backs') in aggregate it is quite significant. As a result, Poland was described in one economic report as the 'tiger' economy of Eastern Europe (*Kurier* 14 February 1997, p. 21).

Why was Poland fulfilling this role more than other countries? According to Polish contributors to a volume by Wedel (1992) the activity known as 'handel' was a tradition of continuous small scale trading which was associated with Jewish communities. After the large Jewish population in Poland was exterminated, the tradition of 'handel' continued, but now carried out by Poles. It was further encouraged by the shortages in the Polish economy after Communism and the relative freedom of Poles to travel. In addition, there exists a large Polish Diaspora stretching from Central Asia and Siberia (as a result of deportations over the last

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<sup>5</sup>From a special report by the Polish Central Statistical Office carried out in 1995. Results of this form part of a special report commissioned as part of the project 'Mobility in the Buffer Zone' Jubiläumsfonds der Oesterreichische Nationalbank Report No. 5452 (Wallace 1997b)

few centuries) to the USA and Australia. There are strong Polish communities in Austria and Germany which maintain their national cohesiveness, often around the Polish Catholic church. Poles therefore had a pre-existing network of contacts with whom to operate and it is such networks which explain the way in which migration and the flow of goods takes place. The same advantage was enjoyed by Gypsies, some of whom also prospered from the opening of the borders (IOM 1994)<sup>6</sup>.

Although this kind of street trading has been replaced by small shops, normal retail and wholesale services inside the buffer zone, it is still the main way of meeting consumer needs in the countries to the East of the buffer zone. Open air markets were far more flexible than the traditional retail sector which sold a dreary selection of goods set out in sorry displays in dusty shop windows. The only alternative were the shops or sections of department stores selling expensive western high class cosmetics and other such luxury goods at prices even higher than in the West. These were usually empty. Markets, by contrast, were exciting, lively places where the latest fashion items were displayed in an appealing way and where personal toiletry items in interesting packaging could be bought. Markets themselves began to become increasingly differentiated between wholesale markets, markets specialising in vegetables and food, in animals or cars and parts for machines, in second hand goods and markets specialising in new clothes and toiletries. The latter markets were often ones where consumers and vendors were well dressed and where browsing through what was on display had become a pleasurable activity in its own right. Displaying oneself had also become part of the game.

How could people on such low incomes afford this kind of consumption? What was often for sale in Ukrainian markets was fake copies of well known Western commercial brands. Hence hair shampoos entitled 'Yves Sassoon' with Polish labels could be bought in street markets in Ukraine or raincoats with carefully arranged 'Salamander' labels (Salamander being a German shop for retailing shoes, not raincoats). Labels were snipped out of second hand clothes or used garments and carefully sewn on to these fakes. Indeed there was a business in Hungary which specialized in producing these fake labels. The iconography of labels was therefore independent of the goods themselves, since people were usually quite aware that these were copies, but nevertheless preferred a 'western' label of some sort, even a misspelt one, than goods without a label. Bulgarian tobacco was used to make authentic-looking American cigarettes, which had higher status than local ones, in exact replicas of the US cigarette packets.

Hungarian trading has some special features. In Hungary there is a large Chinese population (estimated to be about 6-7000 although nobody knows for sure) which

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<sup>6</sup>I am grateful to Endre Sik for making this point.

increased since the 1980s when it was first established (Nyiri 1995). These Chinese operated a wholesale trade selling incredibly cheap clothes, shoes, toys in bulk from the Far East, which are then bought by other traders for resale in Hungary or elsewhere. Although Budapest was the main centre of their operation, the Chinese have also opened wholesale warehouses in Slovakia and the Czech Republic.

Another distinctive feature of Hungary is that it borders Serbia which was until last year under an international trade embargo and where prices for ordinary commodities continued to be very high. Hence, there were always queues of Serbian 'Excursion' buses waiting at the Chinese market for their passengers to finish their shopping, but people also came from Romania and Bulgaria to trade or to shop in Hungary mainly on the so-called 'Chinese market' in Budapest. Meanwhile, the border regions also developed their own markets. Places such as Pecs, Uzhgorod and Przemyśl became important nodes of communication in this cross-border flow of goods.<sup>7</sup>

Bulgarians generally sold pirated CDs and went back to Bulgaria with medical products, vitamins, computer parts or things which they had purchased on the Chinese market. One man stocked his shop in Bulgaria with baby products from Hungary, returning regularly over the border with armfuls of Pampers! Another bought specialist herbal products and resold them in Bulgaria and another bought specialist dictionaries to sell in eastern Ukraine. Another Bulgarian drove second hand German and Austrian cars across the border, for a Bulgarian boss and on his way picked up spare parts for his own car repair business. Romanians sold Romanian products - needles, watches, knives and other small things. One man brought nuts from his garden sewn into the lining of his coat. However, they had to work very hard to sell such things. With the money they earned, they brought home items which they had purchased from the Chinese or elsewhere. Often people from Bulgaria, Ukraine and Russia had to buy medical equipment and medicines for their relatives at home across the border in the buffer zones where these things were readily available. East of the buffer zone, the collapse in public services often meant that the patients themselves had to supply their own medicines in hospital, but these were unavailable in shops. For this reason former Soviet citizens also visited dentists and other specialised services in the buffer zone and paid directly for these services.

Although it is often assumed that markets represent a kind of primitive stage in the evolution of retail, this is not the case in Ukraine. Nor are conventional retail shops anywhere necessarily better at bringing the goods to the customer. Traders had very small quantities of goods and could change their stock very quickly and easily.

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<sup>7</sup>Endre Sik is undertaking a study of these border markets.

Often the same person was travelling to buy the goods and also selling them (or sometimes a family member was doing this) so they were very sensitive to consumer demand and could rapidly adapt their strategies to the seasons. The small scale of production and trade meant that they were able to be very flexible - much more so than big Western stores which may buy new stock only twice a year. They operated in a similar fashion to the post-Fordist style of decentralized production for which Benetton is famous - one where the newest looks can appear in the shops in a very short time, produced by a range of sub-contracted workshops using flexible production (Lury 1996):

The success of trading is the in right choice of 'tema' (theme)

*And what is a tema?*

A trader should have an intuition for a tema. Tema is the consumer's demand. If you manage to choose the right tema then you are sure to have a profit. For example, in the summer women's skirts made of 'wet silk' were in fashion, but in the autumn they could no longer be sold. Now Polish dresses are popular. The Polish are very practical and resourceful people. They take South-Korean cloth and make nice dresses out of it. And they are cheap. We tried to produce such dresses at a factory in Moscow out of the same cloth, but they turned out to be more expensive. I have no idea why.

(Russian trader in Poland)

However, not all traders were happy with their activities. Trading was seen as a rather despised occupation and many of them were miserable doing it. Trading seemed to be felt to be a generally shameful way of earning a living by most people because of its association with 'speculators' - a category highly condemned in the Soviet past. Even many of the more successful traders apologised for doing this kind of work and very few seemed to want to do it in the long term.

In addition the journey to and from destinations could be exhausting. Traders generally take local buses and trains rather than using the faster and more convenient international transport in order to save money. Traders in Slovakia and Hungary could expect to be controlled by the Economic Police at least once per day. They would then have to pay a fine for illegal trading. They would negotiate the fine with the Police so that if they had fewer goods, it was lower. At the border they had to face a constant ordeal - a very high tariff on imported goods was introduced by the Ukrainian authorities in order to profit from this cross border traffic and paying the tariff would make the shopping or trading trip no longer worthwhile. Therefore goods had to be smuggled or customs officers bribed.

In the case of the organized bus shopping trips each passenger would contribute a fee for bribing the customs officers either at the border or before even getting on the bus. For Serbs going to the Chinese market in Hungary and in some cases for people going to Poland, charter buses are still used. However, in Slovakia and in other countries, this kind of activity declined when the border controls became more stringent: customers were not very happy when the whole bus was turned back and had to wait for the next shift of customs officers or when the 'fee' was very high and cancelled out any advantages from the trip.

Since only native citizens were allowed to change money at banks, the majority of shoppers and traders changed money illegally at the markets they visited or with regular illegal money traders. Many of them had savings in dollars and deutschmarks. Money changing facilities could be found at particular points in the town and the daily fluctuations in exchange rates for dollars and deutschmarks are common knowledge for residents of Ukraine, Russia and Belarus, even though foreign currency speculation was still illegal.

In fact these goods represented a flow from East to West and from West to East. Goods bought in Germany and Austria (including TV sets, second hand clothes, electrical and domestic equipment, computers, new and used cars) would be sold in the buffer zone to Ukrainian and Russian traders who would transport them further East. Goods originating in the former Soviet Union or in the Chinese warehouses such as cigarettes, vodka, shoes, shirts, swimming suits, would be sold by East European traders to citizens of the buffer zone who would then sell them in Germany and Austria. Cigarettes, for example, were packaged to look like American brands or were sold cheaply under licensing agreements in the former Soviet Union. The ultimate destination of many of these cigarettes, after changing hands many times in westward chain, was Germany and Austria. The trade was the product of visa regimes and the selective control of borders. Since people from the former Soviet Union could not easily travel to the West, some citizens of the buffer zone were able to make a living or to supplement their incomes by bringing such goods from one border to another. This kind of activity was subject to very rapid change depending upon exchange rates, the stringency of the customs and border police, visa requirements and the relative prices and standard of living on each side of the border. Such traffic across the border required information about relative prices and shopping or trading opportunities and this information would flow through ethnic, family and social network grapevines so that such opportunities were a frequent topic of discussion.

Consumption styles, fashion and taste started to become an important source of differentiation (Bourdieu). In some cases ethnic groups differentiated themselves by their consumption styles. Those who identified with relatives or conationals in

Germany or Hungary (in the case of Germans and Hungarians in Romania for example) tried to differentiate themselves through their superior 'western' taste and possessions. Citizens of the buffer zone often felt superior to their Eastern neighbours on the grounds that the latter had primitive tastes in clothes, fashion accessories and domestic interior architecture and equipment. They were regarded as backward and under-developed people on these grounds. Consumption sector cleavages - particularly in terms of house ownership in countries where people very often built their own houses - could be very important in distinguishing social groups, especially since there was traditionally not much distinction based upon employment.

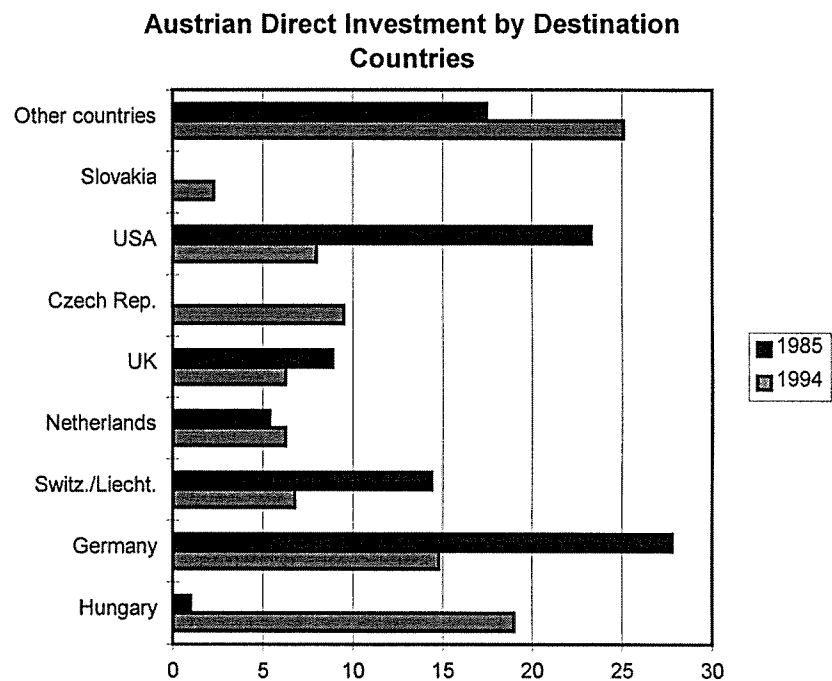
## *2 The circulation of capital*

Another form of circulation is that of capital and investment. It was believed by many people in the buffer zone that foreign investment would help to restructure domestic industry away from the large industrial plants and towards more high-technology and service industries. There has been significant foreign investment in the buffer zone countries, but much of it has come from the neighbouring countries of Austria and Germany. In each country either Austria or Germany (or both) are the main sources of foreign investment (Wallace 1997a). The main exception is Poland, where the USA plays the greatest role. Table 4 indicates the way in which Austrian investment has moved away from Western Europe and is increasingly directed towards the neighbouring countries of the East. The buffer zone countries have therefore come under the economic influence of Germany and to some extent, Austria. Given the displacement of people described in the first part of this paper, it is evident that there are many personal and historical connections between people from Germany and Austria and those countries to the East. Many German and Austrian citizens originated in the buffer zone countries and are able to speak or understand the relevant languages there and this can be an advantage in developing trade and investment links.

However, rather than helping to restructure local industries, much of the investment has been into the older and more traditional areas of the economy - into large industrial plants, car manufacture and so on (Wallace 1997a). Rather than making these plants more modern, the foreign investment has tended to preserve their large-scale monopolistic structure. For foreign firms, the buffer zone countries represent a cheap but skilled workforce. Table 5 illustrates the difference in average wages between the different countries under consideration. From their perspective, the industrial plant already exist and there are few environmental controls of the kind existing in Germany and Austria or elsewhere in the European Union. Even where plants are built *de novo*, they are still cheaper than opening a similar plant in Germany or Austria. Parts of the production process in many industries have

therefore been transferred to the buffer zone. The automobile industry is one example. Thus, many of the heavy industries have been closed or scaled down in Austria and Germany but these are the very sectors which are targets of foreign investment in the buffer zone. There is therefore perhaps a connection between the de-industrialisation of the Western European neighbouring countries and the perpetuation of old-fashioned industries in the buffer zone (Wallace 1997a).

**Table 4. The shift of investment from West to East: Austrian Direct Investment by Destination Countries**

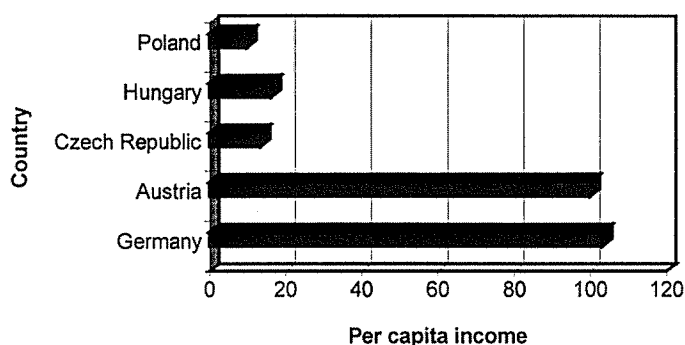


Source: *Invested nominal capital in millards of schillings. Statistisches Monatsheft der Oesterreichischen Nationalbank Heft 6/1996*



Table 5

**Comparative per capita income (exchange rate measures) 1995 Austria=100**



Source: Forras: Stankovsky. *Czech Report to the Trends Project Wallace 1997a*

For Austrian firms, the main reason given for this investment was to secure future markets because the buffer zone is seen as a potential future source of expansion (see Wallace 1997a). Indeed some companies actually moved entirely out of Germany and Austria and simply relocated over the border - the Austrian car tyre manufacturer, Semperit, is an example of this as it relocated in the Czech Republic.

However, Austrian and German capital can also be seen the range of banks which opened branches in the buffer zone in order to further help trade and investment. One of the main ones, the Raiffeisenkasse, claims that it makes more money from its Eastern European subsidiaries than it does from its many thousands of branches in Austria and Bavaria, where it is the main rural bank. In addition Supermarket chains have moved in, many of them being also Austrian and German. Billa, the Austrian supermarket chain, was attractive for take-over by a German company precisely because of its foothold in the East European market. Increasingly for Austrian and German business the neighbouring countries to the East are the most attractive prospects for expansion.

Many German and Austrian firms have developed flexible production strategies whereby some of their work is sub-contracted eastwards and then reimported as finished products. In their desire to attract foreign investment, the buffer zone countries have offered attractive tax breaks and lifted restrictions on the flow of capital. However, some such ventures are still handicapped by the corruption and legal uncertainty which plagues the privatisation process.

It seems therefore that investment has turned eastwards - but not very far eastwards - only just across the borders. Although globalisation is often talked about as a world-wide process, in this region it is a local process. Steel and chemical production shifts not to Bombay but to Brno, which is only 70 kilometers away across the border. The relatively higher costs of production there (compared with locations in the developing world) is compensated by the convenience of location. This results in a regional division of labour with heavy industrial jobs going to the buffer zone in unmodernized plants, forcing business in Germany and Austria to become more flexible.

We are arguing that for this region, globalisation in the sense of the circulation of capital, displacement of jobs and industries and movement of people, does not take place at a worldwide level but is rather regionalized. Furthermore, the patterns of investment, trade and mobility follow established cultural and social patterns. Much of the Austrian investment, for example, and mobility to and from Austria can be seen as recreating former cultural links along the Danube basin and within the Austro-Hungarian empire. German patterns of investment also tend to follow the earlier patterns of settlement and influence with Germans being a larger trading partner for Poland than for Hungary, whilst Austrians are more important in the latter country. This is partly associated with established linguistic, ethnic and family links across the borders which act as conduits for other kinds of economic exchange. This phenomenon could also be seen as a distinguishing characteristic of economies such as those of Germany and Austria for whom neighbouring countries, rather than countries outside of Europe, have always been important for trade and for cultural exchange. This is in contrast to countries such as the USA and UK which have had a different pattern of industrial development and for whom world wide links are more important (Lash and Urry 1994, Traxler 1994). It could be that this regionalisation is therefore continuing more established traditions in Germany and Austria.

### *3. Circulation of people*

It was not only jobs which moved from Germany and Austria and towards workers in the buffer zone countries, but also workers who moved towards jobs in Germany and Austria. These two countries having absorbed the majority of Eastern European guest workers. Buffer zone citizens working in Germany and Austria filled the typical role of guest workers in foreign countries (Stalker 1994). They undertake jobs on the bottom layers of the labour market, especially in agriculture, personal services (domestic cleaning for example) or construction. Some half a million Czechs are working in Germany and most of these are just across the border in prosperous Bavaria -this represents some 1.5 per cent of the Czech workforce (Horakova 1993). Germany and Austria have agreed annual quotas of seasonal workers with

their Eastern neighbours who have increasingly replaced Turks, Yugoslavs, Portuguese and Italians as 'guest workers' (Morakvasic and Rudolph 1994).<sup>8</sup> They are preferred as guest workers since they are often highly skilled and well educated, do not make demands upon the health and social security system (since they go home at the end of the week or even the end of the day) and are of course, cheaper to employ. Although officially they should be given the same money as native workers, in practice this was seldom the case (Horakova 1993). They may also work longer hours. As well as these official guest workers, there are a large number who enter on their 'tourist' visas and work unofficially, although control of such illegal workers by the authorities is increasingly stringent.

However, people travelling to Western Europe from the buffer zone is only part of the story. The other part is people travelling from further East into the buffer zone in order to undertake similar kinds of activities. They are resident in the buffer zone countries as migrant workers and have the same status as 'guest workers' in Germany and Austria. They are even called 'Gastarbeiter' in a slavish appropriation of the German word.

Much of the circulation of people took place in the form of migrant workers. In the post-Communist countries, the majority of native workers were traditionally manual workers in large enterprises - the labour market was heavily weighted towards its bottom end. Recent research indicates that even despite the liberalisation and modernisation of the labour market through opening to foreign investment and privatisation, the majority of the jobs of the local population continue to be manual ones, and foreign investment may even have reinforced this tendency as foreign investors invested mainly in heavy traditional industries (Wallace 1997a). What is lacking is a large or thriving service sector of the kind in Western Europe and although this is expanding in the buffer-zone countries, it is expanding only by a small amount relative to the manual sector. Therefore there is space for foreigners to come in and develop the service sector, and indeed, this is where new skills are required. Much of this development has been concentrated in the main cities, where in fact most of the foreigners are working. The opening and reconstruction of the economy created many service industries associated with tourism and communications - language schools, cafes, video sales, marketing and so on - which were more or less new and were rapidly expanding sectors. Furthermore, many foreign experts were brought in with international companies, as 'advisors' or just to try their luck in a newly expanding region. The better educated migrants were able to find places in these sectors or to start business and we found that this group

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<sup>8</sup>The traditional pattern of migration to the German-speaking countries was in the form of guest workers, drawn mainly from Southern Europe and the Mediterranean until recently. Many were encouraged to go home when their contracts ended but many also settled, especially after family reunion was allowed in the 1970s.

often earned more than the native population. Many of these migrants came from the West.

Not all migrant workers were disadvantaged in the labour market. Some could command very specialist skills which were much in demand - language skills and computer skills, for examples. It is notable that they were often working in the new sectors of employment - in service and communications sectors. Some used Higher Education as a means of mobility - by applying for scholarships or educational places in their destination country they were able to live there legally.

The opening of these economies to global capitalism lead to the importation of a range of Western 'experts' and multinational companies. In these cases the international institution took care of all arrangements. These migrants were highly paid and often able to bring their families with them because special provisions were made for the families. They were clearly valued workers of the company/institution and cared for by the institution. For people working in international organisations, there were no language problems because English was the lingua franca (no matter what the national origin of the company), so the native workers were in the same position of advantage or disadvantage as the non-natives in these companies. Indeed, the natives were often paid less than the foreigners which was the cause of some resentment. Workers in these companies formed a sort of transnational community of their own as they were often moved after a while to different locations. This may also be part of company strategy to provide recreation and relocation conditions for families in order to create a transnational, mobile community of professionals (Anisimova 1994).

Some migrants managed to successfully establish businesses in the destination country. They may have moved there originally in order to escape economic collapse (in the case of the Armenians and some Ukrainians), to avoid anti-Semitism or to avoid being a national minority (in the case of the Hungarian-Romanians) or wars and the consequences of an international embargo (the case of Serbs, Croats and Bosnians). However, once they arrived, they were able to establish businesses, which may actually take advantage of their migrant status - for example using import/export trading or acting as middlemen and go-betweens for their compatriots.

Another category we have termed 'post modern migrants'. Post modern migrants differ from other migrants in that the purpose of their trip is most often fun, adventure or self-fulfilment rather than earning a living. Post-modern migrants often have lower salaries in their destination country than they would have had back home and often live on money which is sent from home (rather than vice versa as in the case of the 'classic' modern migrant). The main examples of this was the 12-20

000 Americans living in the Czech Republic (mainly Prague) who founded their own English language newspapers, radios, book stores and even restaurants. Post-modern migrants are generally young and without any family responsibilities which is why they are able to prioritize their own goals and aspirations. Migration for them is part of a life-strategy to gain experience before going on to careers at home or elsewhere.

The majority of migrant workers from the East in to the buffer zone were low paid manual workers, similar to the 'Gastarbeiter' in Germany and Austria. The main target for these guest workers is the Czech Republic where a very low unemployment rate and a boom in construction helps to attract guest workers from Ukraine and elsewhere. The numbers of work permits granted has increased everywhere. The largest increase in work permits are for Ukrainian workers, who officially number about 40 000. However, the unofficial numbers are estimated to be at least twice that high (Drbohlav 1997). In the Czech Republic there were about 67 000 work permits granted in 1995, in Slovakia this was 2 700, 20 000 in Hungary and 11-12 000 in Poland in 1995. However, our research and that of others (see Drbohlav 1997) indicates that the majority are working without any working permission, although they may have residence rights as students or 'tourists'. Thus unofficial working figures range from twice the legal number (usually cited in the Czech Republic) to ten times the legal number (usually cited in Poland). This is despite the fact that Poland has an unemployment rate of 14.9 per cent, Slovakia 12.8 per cent and Hungary 10.3 per cent (WIIW 1996 a). Guest workers are still preferable to native workers, especially in seasonal work, because they work longer hours for only half the wages of the locals and will work weekends and holidays as well.

Most of this work is organized through middlemen (known as 'clients') who recruit workers in for former Soviet Union and take up to half their wages as payment. They pay their workers approximately half of the local wages (usually \$1-2) and often arranged accommodation for them in barracks or on the construction site itself (in one case they were living in a hostel for the homeless). The middlemen also arrange bribes or working permissions or whatever is necessary for the people to work either legally or illegally. The workers preferred usually to take only a small amount of spending money for their stay and to collect the bulk of their salary at the end of their stay, as a way of saving. The middlemen profited from this by getting interest from the bank and in some cases did not pay the workers at all or only part of their salaries. Given their illegal status, the workers could do nothing about this.

Usually workers stayed for about 2 months and then went home. At the border they would have to pay a fine for outstaying their voucher period which was for one month only (this fine was usually between \$10 and \$30) but was still worth paying in

return for the greater amount of money they were able to earn. Wages in the buffer zone were between 2 times and 10 times higher than wages back home.

As with shopping, trading and investment, lines of communication for migrant workers tended to follow ethnic and family ties or other social networks. In Hungary, the majority of migrant workers were ethnic Hungarians from Romania and according to Hars (1995) many of them also did the sort of construction jobs which Ukrainians were doing elsewhere. However, in our sample, ethnic Hungarians were mostly young, male and middle class with some Higher Education - and very ambitious. Their strategy was often to undertake another Higher Education course in Hungary and to remain in Hungary to become Hungarian citizens. This group were able to speak the language fluently already and saw many advantages to being in a place which they regarded as having a higher cultural level (at least for Hungarians) than Romania. Furthermore, they were no longer in the position of a national minority. Within a few years they lost their regional accents and were more or less assimilated as Hungarians. This group usually had many friends in Hungary, had visited often and found jobs through the labour exchange or the newspaper. They took advantage of scholarships which were available to them. Many of them were therefore students and working at the same time. Usually, whatever their specialisms were previously in Romania, they moved towards computing and communications studies in Hungary and were able to find good jobs as a result. They had little interest in going back to Romania especially since many of their friends had also emigrated.

Migrant workers enter different sections of the labour market depending both on their own skills and upon the needs of the labour market. Since the majority of our respondents were illegal migrant workers, they were automatically consigned to particular parts of the labour market. Migrant manual workers were found mainly in the construction industry, usually constructing private houses. However, some were also found in agriculture and in factory work. Whereas men were construction workers, it was often women who were working in factories such as textiles or shoe manufacture. It was sometimes the case that these enterprises where eastern European women were working either legally or illegally, were ones owned by foreign or western companies who had subcontracted services to a local middleman, who in turn hired foreign workers to cut costs and increase his share. Another niche for women was as personal service workers. Just as an increasing number of private households in Germany and Austria are able to take advantage of casual migrant labour to have a domestic cleaner or someone to look after children and elderly parents, so this is increasingly the case in the buffer zone countries where these tasks are undertaken by women from further east.

For those workers who are working illegally, it is particularly important to be sheltered by social, family or ethnic networks through which information can flow and which can help with providing accommodation, transport and so on. Increasingly the requirements for a work permit must be fulfilled before the migrant comes into the country, so migrants need to have information about working opportunities before they set off. There has been a long tradition of people from Transcarpathia and parts of Western Ukraine working seasonally. Since there were few industries, but people were anchored by their houses, their small plots of land and their families, they traditionally went elsewhere to seek work. However, it is an indication of the economic crisis in the Ukraine that these traditional migrant workers are joined by people from other parts of Ukraine who were not traditionally migrant. Previously they went to Russia or Siberia, often working in logging camps and they were able to earn very good incomes. However, this has become more difficult now due to the break up in relations between the two countries and due to the unreliable nature of payment in Russia. As one respondent put it: you might get a lot of money or you might get nothing at all if the boss refuses to pay you. Or your money might be stolen by the Mafia. Another place they might go would be Eastern Ukraine to help with the harvest, but some respondents pointed out that they were no longer paid in cash there so much as in kind and it was sometimes difficult to get the grain or wood back to Transcarpathia. Now most migrants go to the Czech Republic where there is still a strong demand for workers and low unemployment and where wages can be higher. Others go to the other 'buffer zone' countries which we have considered here, typically as construction workers. The numbers leaving for work away from home have reached record proportions. According to the Transcarpathian authorities, around 12 000 people each year leave the country for the nearest abroad, about 18 per cent of the workforce, estimated to be about one third to one half of all the young men. At the border there is a steady flow of busses taking men to work in the Czech Republic (from field work carried out at the Ukrainian border in August 1996). Ukrainian workers often came from the same region of Ukraine - Western Ukraine and Transcarpathia - on the borders of the buffer zone and indeed, this region was in fact previously part of Czechoslovakia and Poland. We found they often came from the same towns and villages, which lead us to look more closely at this region and to carry out some fieldwork there.

Many others used ethnic, family and friendship networks. As in the case of trading, information often flowed through loose networks of ties. Often families found jobs for each other or even worked together at the same place (there were a number of examples of this) with one member of the family being replaced by another when they went home for a period. This tended to reinforce the pattern of traditional ethnic connections - Belarusians and Western Ukrainians to Poland, Romanians and ethnic Hungarians to Hungary and Transcarpathians to Czech and Slovak Republics. However, new ties were being forged as travellers were concerned to

develop strategic links with the most relevant usual people in the country to which they travelled -with middle men for example.

At first I came across the border to do business, I concentrated on my studies, especially since I did not have the right connections. Without connections you cannot make a profit.... I came back to Hungary because I could not get a job in the Czech Republic last summer, I do not know the language and without connections I had no chance. You know: in order to find a job you should know somebody. Maybe somebody from the University you went to, or from the town you came from or some countryman of yours abroad. So that's why I am here now (in Hungary) (Romanian student who works during his vacations in Hungary)

The migrant themselves represented only one part of family situation which spanned the two countries (Sidorenko 1995). In most cases it was the man who was the migrant labourer and the women who was the trader. Often this was a husband-wife strategy since he would bring goods home for her to sell. In addition she may do some additional trading herself. This was the basic survival strategy of many Ukrainian households. As already previously mentioned this might be combined with house building and peasant small holding to supplement living standards.

The former Communist regime had encouraged a sense of intense family solidarity and mutual help between generations (Mozny 1994). It seems that under the new circumstances family solidarity was also a form of survival (Wallace 1995). Indeed, we might argue that a sort of 'amoral familism' was emerging whereby with a collapsing state which was seen with bitterness by many respondents in Ukraine for not taking care of them better was not seen as a source of loyalty or obligation. The main loyalty was first and foremost to the family which demanded the strongest support and sacrifice. Next in priority was the loose network of friends and connections which needed to be attended to for instrumental, but sometimes also for other reasons (Wallace et al. 1997).

Here we can compare the results with the work of Sassen (1996) who claims that migrant workers are usually an informalized sub-group at the bottom of the labour market. This was certainly the case with the buffer zone citizens working as guest workers in Germany and Austria. It was also the case with many of the Eastern European guest workers working in the buffer zone. However, the situation of the buffer zone as a newly opened capitalist region resulted also in the need for a layer of foreign experts and people with special skills in newly forming parts of the economy, ones in which indigenous workers were not so well equipped to work and here we had the importation of a highly skilled foreign workers. One source of these



were emigres who had fled the previous regimes, or the children of emigres who returned with skills, capital and ambition and who were sometimes able to reclaim property.

In general, we could say that the flow of skilled workers was from West to East, whilst the flow of unskilled workers was from East to West.

Another influx of people into the region was in the form of refugees. The war in Yugoslavia led to 4-5 million refugees, the majority of whom were displaced within the territory of the former Yugoslavia. One million found their way into Europe. Whereas to begin with Germany was the main target country with three quarters of asylum seeker in 1991 applying there, the tightening of the legislation after 1992 led to a sharp drop and asylum seekers being pushed towards other countries (Münz 1995). The countries of Western Europe responded by closing their borders to the victims of ethnic cleansing in Croatia, Bosnia, Vojvodina and Kosovo which pushed many people into the buffer zone. The main recipient of refugees in the buffer zone was Hungary. They arrived in two waves. Between 1988 and 1991, 51 533 arrived from Romania escaping from the still repressive regime there. Their aim was to settle in Hungary (Nagy 1995). In the second wave, 68 262 arrived from the former Yugoslavia, but their main aim was to return to their homes as soon as possible and many of them refused to leave the Southern border strip which was nearest to their countries. Many of them have in fact returned already. Although the Czech Republic, Poland and Slovakia have also received refugees, these number only 1-3000 in each country - most of them were also from the former Yugoslavia. However, the majority of people fleeing from the former Yugoslavia are not registered as refugees and instead fall into one or the other of the other main categories of migrants described here: traders, students or workers. In 1993 the numbers of refugees from the former Yugoslavia dropped.

Certain ethnic groups more or less specialized in trading and in particular types of economic activity. Vietnamese immigrants were particularly conspicuous in the Czech Republic. They originally worked there as part of a 'fraternal' agreement between Socialist countries, as guest workers. In 1992 many of their contracts were terminated and there was an attempt to send them home. However, at this point many changed their activities and began street trading. The result is that there are just as many, if not more of these traders than in former times and the Czech Government even agreed a quota of migrants each year. The Chinese are from mainland China and specialize in restaurants and in wholesale goods which are bought by other traders either at the Chinese market in Budapest or from wholesale houses situated in most border areas of the buffer zone (IOM 1995, Nyiri 1995).

People from the former Yugoslavia either escaping military service or economic ruin, often began their new lives in the buffer zone as traders. In Prague much of the trading of goods for tourists was done by people from the former Yugoslavia for whom this was a short term way to make a living, although some began to develop longer term ventures. Purchasing a business license is one way in which to get a residence permit and this encouraged migrants to open small businesses.

### **The importance of ethnic, cultural and historical connections**

Thus we can see that although economic imperatives play an important part in the circulation of peoples, cultural and social factors are also important. Economic changes can tell us part of the story about why mobility of people, capital or goods takes place, but social and cultural explanations can tell us who actually moves and how (Portes 1995). Political decisions in terms of visa requirements for different national groups, customs, residence and working permission policies also affect how economic relations take place.

The patterns of migration in Central Europe tend to follow cultural and historical patterns. People move to places where they can speak the language or have friends and relatives. Furthermore, they do not in general move very far - they go mainly to the neighbouring countries. Refugees from former Yugoslavia often went to Germany and Austria because many of their friends and relatives were living there as guest workers. People from Poland and Hungary and the Czech Republic joined communities of their compatriots who were already living in Germany and Austria.

In Poland, migrants were either Poles whose families had been deported to Central Asia and Siberia under Stalin or people with Polish connections from neighbouring Ukraine and Belarus. Otherwise there were Russians, Ukrainians and people from Belarus, the neighbouring countries who did not find it too difficult to learn the language. In Hungary we find mainly migrants from Romania, either ethnic Hungarians from Transylvania or from neighbouring Serbia and Croatia. In Slovakia we find migrants mainly from Transcarpathia, formerly part of Czechoslovakia. In the Czech Republic we find mainly migrants from Ukraine and Slovakia or Poland. The earlier ethnic purges and boundary changes described in the first section have left their historical traces in a web of family and ethnic connections which can now be revived.

Everyone goes to the place about which he has at least some information, or the opportunity to find a job. Some people went to Russia, others to the Czech Republic. I chose Poland. I'd been there before, when I took goods to sell from Ukraine. I have relatives on the Polish Baltic coast. There were four

of us who spoke very good Polish. We got together and following some advice from acquaintances, we went to Wroclaw, as far away from the Ukrainian border as possible (this was because he wanted to avoid being caught as an illegal worker). Finally, our good command of Polish and our building qualifications helped us to find a good job (Ukrainian worker in Poland)

However, there are also some longer distance migrants, including the Chinese and Vietnamese and the Armenians and Georgians who have occupied a particular place in the social structure. These new circulations of people has helped to create some new ethnic groups - Chinese and Vietnamese traders, workers and business people are new to the region. The western English teachers and advisers or employees of international companies can also be seen in this context.

Moving to another country, even if only for a brief period requires resources and these resources may include language skills, family networks and information flows through ethnic nets and contacts (Sik 1994). Even the white, middle class Americans and post-modern migrants used information transmitted through email, newspaper articles and letters to their co-nationals back home and this was why the majority of them went to Prague. People are willing to move mostly only as far as their resources will allow them and here the previous patterns of criss-crossing ethnic ties or more recent settlement patterns start to become a resource. For the most part, in Central Europe, these stretch only short distances - just across the border in fact - so people's commuting and travelling horizons are restricted thus far.

In Germany and Austria it is often believed that a large number of migrants would settle permanently there from the East if they only had half a chance. In fact very few of our respondents (from 350 interviews collected so far) mentioned any ambition of this kind. Their main aim was to go only a short way from home and then to return with money to support their families. Those with ambitions to emigrate often wanted to emigrate not to Western Europe, but to the buffer zone countries (although their ambitions may well have been shaped by the fact that they knew that emigration to Western Europe was very restricted). A significant minority (about 20 per cent) of our respondents did have ambitions to settle in the buffer zone. They said that in the buffer zone countries they felt more at home, and were more familiar with the language, culture and life-style. Furthermore, they pointed out that with a Polish, Czech or Hungarian passport, they could visit the European Union in any case if they wanted to. Since these buffer zone countries are expected to join the European Union in any case, it was a viable medium term strategy. Rather than crossing the border, they were waiting for the border to cross them.

However, these new forms of circulation also revive older ethnic relations, sometimes antagonistically. In a paper by Hann (n.d.) he analyses the increasing tensions in the town of Przemyśl on the Polish/Ukrainian border from which Ukrainians were purged and which has lingering memories of Ukrainian brutality during the Second World War. The return of Ukrainians in the form of cross-border traders and shopping tourists has helped to waken some of these tensions and encourage Polish nationalist rhetoric. Elsewhere in Poland, the mobility of people have made it possible for the German minority, suppressed for many years, to become more militant and even to form their own political party. In all the buffer zone countries, foreigners were initially welcomed as signs of a new 'opening' but attitudes against foreigners have gradually hardened (Csepeli and Sik 1995). Indeed it is often the very foreigners who visit most often who may be most disliked.

With increasing communication can also come friction and the revival of other antagonisms too. If your neighbour is more often in your garden (to use Bauman's metaphor), he or she is also more likely to get on your nerves. Thus, the ancient antagonisms between Czechs and Germans have resurfaced in a string of complaints about the behaviour of German tourists in the Czech Republic and their mistreatment by Czechs. For example, there were complaints by the Germans about being harassed and even shot at for traffic violations in the Czech Republic and by the Czechs, most recently, that Germans are coming across the border at Cheb to dump their rubbish and avoid high disposal charges in Germany (*Prague Post* Feb 12-18 1997). A continually weeping sore in the Czech relations with Germany is the question of the Sudetendeutsch, 2.9 million of whom were expelled between 1945 and 1948 and who formed societies of expatriates in their countries of exile (mostly Germany and Austria). These expatriate societies are now demanding compensation (although in fact they were already compensated) and the right to resettle or reclaim their former properties. They have been active in the local politics of their former towns and homelands (Muller and Uherek 1997). This point is frequently raised in negotiations between the two countries.

These circulation of people also results in the transfer of consumer aspirations, life styles and tastes. The small suitcase traders discover new consumer trends in the Polish street markets which they then take back to Ukraine. This kind of small scale production is able to be very flexible and responsive to consumer tastes and needs. Styles of living seen on TV or in shops are transmitted from Austria and Germany to the buffer zone and then from the buffer zone eastwards leading to certain regional fashions. This can be seen most clearly in house building, since buffer zone building workers work on private houses in Germany and Austria whilst Ukrainian building workers work in the buffer zone. Certain fashionable features for houses are transferred or spread within the region at a rapid rate (for example, flights of steps

up to the front door, arched windows, turrets, arcades and swimming pools or small lakes in the garden).

Until now we have discussed the issue of people moving across borders. But it is also the case that the border itself moves. Many people in this region have become migrants without ever moving. Poland was moved some 500 kilometres Westward at the end of the Second World War, and the eastward borders have likewise changed many times. An elderly person living in Uzhgorod, for example, could have been Hungarian, Czechoslovakian, Russian and Ukrainian without ever leaving home. These changes of border nevertheless left many people with family and cultural links which straddle the border and these family and cultural links were being revived once more when the borders are opened. The rapidly changing contours of the European Union open up this possibility once more.

## Conclusions

This paper has considered the circulation of goods, capital and people in the region. Drawing upon variety of data, surveys and official statistics it has looked at the circulation of people from the former Soviet Union into the buffer zone and from the buffer zone into the European Union. As we have argued elsewhere, it is not necessarily appropriate to look at this in terms only of migration because this assumes the permanent movement of people from one place to another. Certainly, there has been plenty of migration, but in fact the partial opening of borders means that movement is backwards and forward between countries and could be better described as mobility rather than migration. We can look at Central Europe as consisting of flows or circuits of goods, capital and people indifferent directions and at different speeds.

From this research it is evident that whilst a buffer zone has developed between Western Europe and Eastern Europe, parts of the buffer zone are significant for different kinds of mobility. People go to Poland to trade, to the Czech Republic to work, whilst refugees and settlers go mainly to Hungary. This reflects the different situation of each country with respect to East and West Europe. The dominant direction in the flows of workers is from East to West as the EU rather than the SU becomes the dominant source of economic and political power. Thus, the building workers in Germany and Austria are mainly from the buffer zone, whilst in the buffer zone, the building workers are drawn from further East in a sort of migration linked chain effect. The same holds for prostitutes and domestic cleaners. Meanwhile the flow of goods at present operates mainly in the opposite direction, although this can change very quickly.

However, another finding from the research is that the opening of the borders, allowing for free communication between countries, resulted not so much in globalisation as in regionalisation. In this region it seems that when people go abroad, they move mainly only over the next border. The same is for investment and trade. It is the neighbouring relations which are the most important. We can explain this in terms of the traditional historical, cultural and social ties which act as conduits for economic activities. This means that new kinds of relationships develop between the neighbouring countries, as the buffer zone becomes the site of heavy industries and partial production which is moving out of the West.

The limits of migration are determined by the limits of the resources of the migrants in terms of language, family and social networks and these are bounded by the cultural, historical and ethnic factors described at the beginning of this paper. In the case of some migrants this can stretch over very large distances (as in the case of the Chinese for example) but in most cases it stretches rather shorter distances and takes advantage of social and historical configurations of linkages. This has encouraged a certain amount of ethnic revivalism which can help to both close and to open borders.

At the beginning of this article, we tried to place the new border crossing in an historical context. In fact there was always a great deal of traffic of people, goods and capital around this region which was halted for some years, but is now free to resume. In the course of this circulation, new ethnic groups become defined and older ones rediscovered. Partly as a result of the opening of these frontiers and societies in Eastern Europe, the 1980s and 1990s have been characterized by a climate of ethnic revivalism. At the same time as many borders have dissolved, many people in Europe feel a necessity to claim some ethnic heritage, perhaps as a reaction to the threat of a globalized culture (Mestrovic 1994). Poland, for example, was believed to be an ethnically homogenous country for many decades but now has discovered a Belorussian and a German minority. Silesians are struggling to define themselves as a distinct region (Wodz and Wodz 1997) and new ethnic groups are constructed or discovered such as the Poleschuks of Belarus or the Ruthenians of Transcarpathia (Sevchenko 1995, Hann n.d.). Groups which have long since struggled for such recognition include the Hungarians stranded inside Slovakia by the treaty of Trianon in 1918. This raises the question as to whether the ethnic cleansing of the Second World War and subsequent period did in fact create homogenous regions who forgot their past. The new spirit of ethnic revival has helped a number of the peoples of the regions to redefine themselves. But this has also been encouraged by new economic and trading relations. They found that they were not members of a homogenous nation/state but might hold a number of different ethnic identities which they could now recognize. Furthermore, such mixed identities can have economic advantages, as we see in their use for cross-border

trading, shopping and working. Cross-marriage was even regarded as a strategy by some people. In fact it was the rule rather than the exception in this region for people to have had more than one ethnic identification and it now becomes possible for them to reclaim ethnic identities which have been hidden or suppressed. The traffic of people and trade makes this possible.

In addition new ethnic groups have moved in. The Chinese and Vietnamese who were never previously resident in Central Europe have appeared since the 1980s and found a niche in the trading and labour markets. The new strata of Western experts and professionals or employees of multi-national companies or business people employing cross-border links are examples.

Although the subject of this chapter has been crossing borders, it is evident that borders are not fixed. They can be more or less permeable and more or less fluid. They can allow no-one to pass or only selected people to pass. They can allow people to pass in one direction but not another. They can be constructed in different ways and extend in different directions. In this region, the construction of borders has always been somewhat arbitrary and subject to external political interference, often by powers who understand little about the region. The effect is that borders and populations have been moved and are not necessarily fixed and permanent. For some of our respondents, the strategy was not so much to cross the borders themselves, as to wait for the borders themselves to change, which is likely to happen when the buffer zone countries finally join the European Union. Then there will be a new configuration of interests and mobility and perhaps a new buffer zone further East.

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